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**ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III**

SEC FILE NUMBER
8- 67204

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING January 1, 2008 AND ENDING December 31, 2008  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Equity Concepts, Inc.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
10777 Sunset Office Drive, Suite 318

(No. and Street)

Sunset Hills

(City)

MO

(State)

63127-1040

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Mark E. Diemer 314-394-2045

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Kiefer Bonfanti & Co. LLP

(Name - if individual, state last, first, middle name)

701 Emerson Road, Suite 201 St. Louis

(Address)

(City)

MO

(State)

63141

(Zip Code)

**CHECK ONE:**

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

**FOR OFFICIAL USE ONLY**

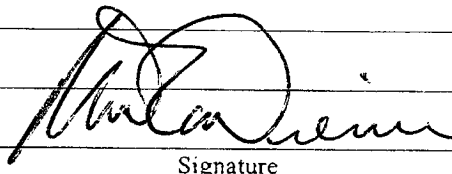
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

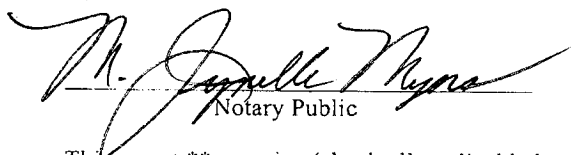
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# OATH OR AFFIRMATION

I, Mark E. Diemer, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Equity Concepts, Inc., as of December 31, 20 08, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

  
Signature

President

  
Notary Public



M. JYNELLE MYERS  
My Commission Expires  
February 13, 2010  
St. Louis County  
Commission #06438818

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Cash Flow
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

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**EQUITY CONCEPTS, INC.**  
**DECEMBER 31, 2008 AND 2007**

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**Kiefer | Bonfanti & Co. LLP**  
Certified Public Accountants & Business Advisors

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors and Stockholders of  
**Equity Concepts, Inc.**

We have audited the accompanying statement of financial condition of **Equity Concepts, Inc.** (a Missouri corporation) as of December 31, 2008, and the related comparative statements of income, cash flows, and changes in stockholders' equity for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of **Equity Concepts, Inc.** as of and for the year ended December 31, 2007 were audited by other auditors whose opinion dated February 14, 2008 expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial condition of **Equity Concepts, Inc.** as of December 31, 2008, and the results of its operations and cash flows, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information on Pages 9-11 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Kiefer Bonfanti & Co. LLP*

February 25, 2009

## STATEMENTS OF FINANCIAL CONDITION

## Assets

	December 31,	
	2008	2007
<b>Assets</b>		
Cash	\$ 75,523	\$ 70,088
Receivables - clearing brokers	12,390	21,672
Receivables - others	-	2,251
Deposits - clearing brokers	10,000	5,000
Deposits - others	1,302	225
<b>Total Assets</b>	<b>\$ 99,215</b>	<b>\$ 99,236</b>

## Liabilities and Stockholders' Equity

<b>Liabilities</b>		
Payroll taxes	\$ 4,550	\$ 4,102
<b>Total Liabilities</b>	<b>4,550</b>	<b>4,102</b>
<b>Stockholders' Equity</b>		
Common stock, par value \$1, authorized 30,000 shares, issued and outstanding 1,000 shares	1,000	1,000
Additional paid-in capital	31,000	31,000
Retained earnings	62,665	63,134
<b>Total Stockholders' Equity</b>	<b>94,665</b>	<b>95,134</b>
<b>Total Liabilities and Stockholder' Equity</b>	<b>\$ 99,215</b>	<b>\$ 99,236</b>

## STATEMENTS OF INCOME

	Years Ended December 31,	
	2008	2007
<b>Revenues</b>		
Broker dealer - other business	\$ 386,410	\$ 418,833
<b>Total Revenues</b>	<b>386,410</b>	<b>418,833</b>
<b>Operating Expenses</b>		
Officer compensation	96,000	96,000
Employee compensation	47,300	45,800
Payroll taxes	12,291	12,198
Communications	8,645	8,582
Office expense	9,573	4,967
Professional fees	5,025	6,405
Meals and entertainment	2,088	1,902
Repairs and maintenance	1,916	954
Regulatory fees	1,085	1,885
Fidelity bond and insurance	1,078	868
Rent	644	-
Travel	234	4,831
<b>Total Operating Expenses</b>	<b>185,879</b>	<b>184,392</b>
Income from operations	200,531	234,441
Special distributions	-	35,000
<b>Net Income</b>	<b>\$ 200,531</b>	<b>\$ 269,441</b>

## STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock	Additional Paid-in Capital	Retained Earnings	Total
Balance, December 31, 2006	\$ 1,000	\$ 31,000	\$ 35,693	\$ 67,693
Net income for the year ended December 31, 2007	-	-	269,441	269,441
Distributions	-	-	(242,000)	(242,000)
Balance, December 31, 2007	1,000	31,000	63,134	95,134
Net income for the year ended December 31, 2008	-	-	200,531	200,531
Distributions	-	-	(201,000)	(201,000)
<b>Balance, December 31, 2008</b>	<b>\$ 1,000</b>	<b>\$ 31,000</b>	<b>\$ 62,665</b>	<b>\$ 94,665</b>

## STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2008	2007
<b>Cash Flows from Operating Activities</b>		
Net Income	\$ 200,531	\$ 269,441
Adjustments:		
Change in assets and liabilities items:		
(Increase) decrease in operating assets:		
Receivables - clearing brokers	9,282	5,337
Deposits - clearing brokers	(5,000)	-
Receivable - others	2,251	734
Deposits - others	(1,077)	170
Increase (decrease) in operating liabilities		
Accounts payable	-	(326)
Payroll taxes	448	(699)
<b>Net Cash Provided by Operating Activities</b>	<b>206,435</b>	<b>274,657</b>
<b>Cash Flows from Financing Activities</b>		
Distributions	(201,000)	(242,000)
<b>Net Cash Used by Financing Activities</b>	<b>(201,000)</b>	<b>(242,000)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>5,435</b>	<b>32,657</b>
Cash and cash equivalents, beginning of year	70,088	37,431
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 75,523</b>	<b>\$ 70,088</b>



**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

***Business Descriptions***

Equity Concepts, Inc. (the "Company") is a registered broker/dealer under the Securities Exchange Act of 1934. The Company was organized on May 14, 1992, the date of issue of the Certificate of Incorporation by the Secretary of the State of Missouri, and commenced operations upon notification of approval from regulatory authorities. The Company's customers are located principally outside the St. Louis, Missouri area.

The Company (an introducing broker) clears its customer transactions through Smith Moore & Co., on a fully disclosed basis. The clearing brokers will deduct from commissions due the Company a clearing fee for their services, based on the number of shares traded and a charge by the exchange on which the trade is executed. The Company is also obligated to maintain good faith cash deposit accounts with its clearing brokers. Smith, Moore & Co. requires the Company to maintain a good faith deposit of \$10,000. Claims against the Company, not otherwise resolved within 3 business days notice to the Company, may be charged to these deposit accounts by the clearing brokers, if commissions, due the Company, on hand are inadequate to settle the claim. The clearing brokers, upon termination of the agreement will deliver to the Company the contents of the deposit account on or before the 30th day of said termination. These funds maintained with the clearing brokers are at risk, uninsured and un-collateralized.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company maintains cash and cash equivalent balances at a financial institution. Accounts at banks are insured by the Federal Deposit Insurance Corporation up to \$250,000 at December 31, 2008.

***Revenue and Expense Recognition***

The Company conducts a two-tier clearing business. Its customers, who include other security broker/dealers, both domestic and foreign to the USA, will be re-introduced on a non-exclusive fully disclosed basis. The clearing broker will pool all net revenue generated from the Company's customers into a correspondent payable account.

Monthly, the Company will calculate the amount due each broker/dealer and the clearing broker will distribute to each entity the amount due from the correspondent payable account. The balance of this pool is then distributed to the Company which is recognized as broker dealer - other business revenue.

**Notes to Financial Statements (Continued)****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)*****Revenue and Expense Recognition (Continued)***

In 2007, the Company received a one time distribution in the amount of \$35,000. All securities broker dealers were paid a like fixed amount by the regulatory agency upon its merger into FINRA.

***Estimates and Assumptions***

Management uses estimates and assumptions in preparing these financial statements in accordance with United States of America generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

**2. RELATED PARTY TRANSACTIONS*****Stockholders' Equity***

All the common stock of the Company is owned by the Officer/Shareholders who also serve as Directors.

**3. LEASE COMMITMENTS**

The Company occupied space and used equipment provided by the clearing broker. The associated expense was charged against amounts due the Company, as a component of the clearing charges.

In August 2008, the Company entered into an operating lease agreement for office space. The lease commenced in December, 2008 and will expire on October 31, 2011. The lease calls for monthly rental payments of \$1,152. The future minimum lease payments associated with the lease are as follows:

<b>Years Ending December 31,</b>	<b>Amount</b>
2009	\$ 13,823
2010	13,823
2011	11,519
	<u>\$ 39,165</u>

Notes to Financial Statements (Continued)

**4. NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission's uniform net capital rule (Rule 15c3-1), which requires the maintenance of minimum dollar net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2008 and 2007, the Company had adjusted net capital of \$83,157 and \$87,379, respectively which was \$78,159 and \$82,379, in excess of its required minimum dollar net capital of \$5,000 for 2008 and 2007, respectively. The Company's net capital ratio at December 31, 2008 and 2007 was 1.0547 to 1, and 1.0470 to 1, respectively.

**5. INCOME TAXES**

The Company elected to be treated as an S-corporation, effective June 1, 1998. Under this provision of the tax code the company is not obligated to pay income tax and instead reports its income to the shareholders.

In July 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented, and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Company's tax returns to determine whether the tax positions are "more-likely-than-not" to be sustained by the applicable tax authority. Tax benefits of positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax expense in the current year.

On December 30, 2008, the FASB issued FSP FIN 48-3 (FIN 48-3), which defers the effective date of FIN 48 for certain nonpublic enterprises to fiscal years beginning after December 15, 2008. As a nonpublic entity, the Company is an entity to which the FIN 48-3 deferral applies. Management of the Company has elected to defer the application of FIN 48, and is currently evaluating the impact, if any, that the adoption of FIN 48 will have on the Company's financial statements.

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## SUPPLEMENTARY INFORMATION

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**EQUITY CONCEPTS, INC.**

**COMPUTATION OF ADJUSTED NET CAPITAL**

	<b>December 31,</b>	
	<b>2008</b>	<b>2007</b>
<b>Capital</b>		
Capital stock	\$ 1,000	\$ 1,000
Additional paid-in capital	31,000	31,000
Retained earnings	62,665	63,134
<b>Total Capital</b>	<b>94,665</b>	<b>95,134</b>
<b>Deductions from Capital:</b>		
Other receivable	-	(2,251)
Clearing deposit	(10,000)	(5,000)
Security deposit - office lease	(1,152)	-
Deposit regulatory agency	(150)	(225)
Unsecured debits	(206)	(279)
<b>Total Deductions</b>	<b>(11,508)</b>	<b>(7,755)</b>
<b>Adjusted Net Capital</b>	<b>\$ 83,157</b>	<b>\$ 87,379</b>
<b>Aggregate Indebtedness</b>		
Payroll taxes payable	\$ 4,550	\$ 4,102
<b>Total Aggregate Indebtedness</b>	<b>\$ 4,550</b>	<b>\$ 4,102</b>
<b>Ratio: Aggregated indebtedness to adjusted net capital</b>	<b>0.055</b>	<b>0.047</b>
Minimum dollar net capital	\$ 5,000	\$ 5,000
Adjusted net capital	83,157	87,379
<b>Excess of Net Capital Over Requirement</b>	<b>\$ 78,157</b>	<b>\$ 82,379</b>
Six and two-thirds (6 2/3)% of aggregate indebtedness	\$ 303	\$ 273
Adjusted net capital	83,157	87,379
<b>Excess of Net Capital at 1500%</b>	<b>\$ 82,854</b>	<b>\$ 87,106</b>

EQUITY CONCEPTS, INC.

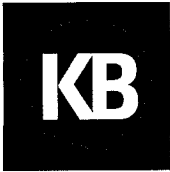
RECONCILIATION OF NET CAPITAL COMPUTATION

	December 31,	
	2008	2007
Net capital at December 31	\$ 83,157	\$ 87,379
Net capital shown on most recent unaudited part IIA filing	83,158	87,378
<b>Difference-Rounding</b>	<b>\$ 1</b>	<b>\$ (1)</b>

**INFORMATION FOR POSSESSION OR CONTROL REQUIREMENTS  
UNDER RULE 15c3-3  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

An exemption to the possession or control requirements of Rule 15c3-3 is claimed under Section (k) (2) (ii):

In that all customer monetary and security receipts by the firm are promptly transmitted in accordance with applicable regulations and that all customer security transactions are cleared through Smith, Moore & Co., on a fully disclosed basis.



**Kiefer | Bonfanti & Co. LLP**

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**INDEPENDENT AUDITORS' REPORT  
ON INTERNAL CONTROL REQUIRED BY  
SEC RULE 17A-5(g)(1) FOR A BROKER-DEALER  
CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3**

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To the Board of Directors and Stockholders of  
**Equity Concepts, Inc.**

In planning and performing our audit of the financial statements and supplemental schedules of Equity Concepts, Inc. (the Company), as of and for the year ended December 31, 2008 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting as a basis of designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safe guarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. **Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities**, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.



The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with United States of America generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control that we consider to be significant deficiencies, and communicated them in writing to management and those charged with governance on February 25, 2009.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures, as described in the second paragraph of this report were adequate at December 31, 2008 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, Financial Industry Regulatory Authority, and other regulatory agencies which rely on Rule 17a-5(g) under the Securities and Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Kiefer Bonfanti & Co. LLP*

February 25, 2009

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**EQUITY CONCEPTS, INC.**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008 AND 2007**

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**Kiefer | Bonfanti & Co. LLP**  
Certified Public Accountants & Business Advisors